# Overview

## Deborah Raita
## Contracting Officer

**September 18, 2002**

**Welcome to DRMS**

# Why Are We Here Today?

- **Inform industry representatives of DLA's plans and timelines.**
- **Elicit feedback on the draft Performance Work Statement (PWS); identify potential issues.**

**What other information do you need to see in the PWS?**

**Is there something in the PWS that would discourage you from offering?**

# What Is "A-76?"

## Office of Management and Budget
## Circular No. A-76, Performance of Commercial Activities

- Establishes Federal policy for the performance of recurring commercial activities (CA)
- Goal is to achieve economy and enhance productivity

# What Is a "Commercial Activity?"

**"A commercial activity is one which is operated by a Federal executive agency and which provides a product or service which could be obtained from a commercial source."**

**It is "... the general policy of the Government to rely on commercial sources to supply the products and services the Government needs."**

# What Is A-76 Designed to Accomplish?

- The A-76 process is designed to:
  - Allow the Government to determine if it's more cost-effective to have a service performed by the Government or a contractor
  - Level the playing field for public and private offerors
  - Encourage competition and choice in the management and performance of commercial activities

# How Does It Work?

- October 9, 2001:  DLA announced the study of selected functions at 61 Defense Reutilization and Marketing Offices
- Per P.L. 106-259, DLA has 48 months to:
  - Develop the Performance Work Statement (PWS)
  - Issue an RFP
  - Develop an in-house proposal (Most Efficient Organization (MEO))
  - Select the best-value offer
  - Compare the best-value offer with the MEO (tentative decision)

# “Firewalls”

- **Established at time of announcement**
- **Both government employees and consultants are assigned to PWS OR MEO**
- **The Government's cost estimates are certified by an Independent Review Officer (IRO)**
- **The team developing the government proposal is treated as any other offeror**
- **All persons involved in A-76 studies or acquisitions are required to sign non-disclosure statements**

# Communication

- **Much information that would normally be subject to the Freedom of Information Act may be procurement-sensitive and not subject to disclosure**
- **The Contracting Officer is responsible for ensuring that the PWS is "adequate and appropriate to serve as a basis for award" and all communications should be with the contracting office:**

***http://www.supply.dla.mil/A76***

***A76contracting@dscc.dla.mil***

***Phone: 614-692-2258; Fax: 614-692-6273***

# What's Different About an A-76 Acquisition?

**FAR 52.207-2, Notice of Cost Comparison (Negotiated) (FEB 1993)**

- **The decision to award or cancel the solicitation depends on the result of the cost comparison.**
- **The IHCE must be sealed and submitted to the KO before RFP closing.**
- **After selection of the BVO, the KO opens the IHCE in the presence of the preparer and announces the**

# What's Different About an A-76 Acquisition?

**Per the Revised Supplemental Handbook:**

**In order to "ensure that the Government will not convert for marginal estimated savings", a "Minimum Conversion Differential", the lesser of $10 million or 10% of the MEO personnel costs, is added to the cost of contract performance.**

# What's Different About an A-76 Acquisition?

**FAR 52.207-3, Right of First Refusal of Employment (NOV 1991)**

**Federal employees adversely affected by a decision to convert to contract must be offered jobs**

- **for which they are qualified *and***
- **that are created by the award of the contract**

**"ROFR"**

# Service Contract

**FAR 52.222-42, Statement of Equivalent Rates for Federal Hires (MAY 1989)**

**Identifies classes of service employees expected to be employed and states equivalent government wages and fringe benefits**

- **WG: Step 2 for non-supervisory; Step 3 for supervisory**
- **GS: Divide Step 1 biweekly rate by 80**

# Statement of Equivalent Rates

| PP-SER-GR | POSITION TITLE | BASIC | FRINGE | TOTAL |
|---|---|---|---|---|
| GS-2001-09 | GENERAL SUPPLY SPECIALIST | 16.24 | 5.20 | 21.44 |
| GS-2001-12 | SUPERVISORY GENERAL SUPPLY SPECIALIST | 23.54 | 7.53 | 31.07 |
| GS-2003-11 | SUPPLY SYSTEMS ANALYST | 19.64 | 6.28 | 25.92 |
| GS-2005-04 | SUPPLY CLERK | 9.58 | 3.07 | 12.65 |
| GS-2005-05 | SUPPLY TECHNICIAN (DATA TRANSCRIBING) | 10.72 | 3.43 | 14.15 |
| GS-2005-05 | SUPPLY TECHNICIAN | 10.72 | 3.43 | 14.15 |
| GS-2005-07 | SUPPLY TECHNICIAN | 13.27 | 4.25 | 17.52 |
| GS-2005-08 | LEAD SUPPLY TECHNICIAN | 14.70 | 4.70 | 19.40 |
| GS-2032-09 | PACKAGING SPECIALIST | 16.24 | 5.20 | 21.44 |
| WG-5703-06 | MOTOR VEHICLE OPERATOR | 13.25 | 4.24 | 17.49 |
| WG-5703-07 | MOTOR VEHICLE OPERATOR | 14.13 | 4.52 | 18.65 |
| WG-5703-08 | MOTOR VEHICLE OPERATOR | 14.90 | 4.77 | 19.67 |
| WG-5704-05 | FORK LIFT OPERATOR (MATERIALS HANDLER) | 12.37 | 3.96 | 16.33 |
| WG-5704-05 | FORK LIFT OPERATOR (PACKER) | 12.37 | 3.96 | 16.33 |
| WG-5704-06 | FORK LIFT OPERATOR | 13.25 | 4.24 | 17.49 |
| WG-6907-05 | MATERIALS HANDLER (FORK LIFT OPERATOR) | 12.37 | 3.96 | 16.33 |
| WG-6907-05 | MATERIALS HANDLER (PACKER) | 12.37 | 3.96 | 16.33 |
| WG-6907-05 | MATERIALS HANDLER | 12.37 | 3.96 | 16.33 |
| WG-6907-06 | MATERIALS HANDLER | 13.25 | 4.24 | 17.49 |
| WG-6907-06 | MATERIALS HANDLER (FORK LIFT OPERATOR) | 13.25 | 4.24 | 17.49 |
| WG-6912-06 | MATERIALS EXAMINER AND IDENTIFIER | 13.25 | 4.24 | 17.49 |
| WG-6912-07 | MATERIALS EXAMINER AND IDENTIFIER | 14.13 | 4.52 | 18.65 |
| WG-7002-05 | PACKER (FORK LIFT OPERATOR) | 12.37 | 3.96 | 16.33 |
| WG-7002-06 | PACKER | 13.25 | 4.24 | 17.49 |
| WG-7002-06 | PACKER (FORK LIFT OPERATOR) | 13.25 | 4.24 | 17.49 |
| WL-4604-08 | WOOD WORKER LEADER | 16.41 | 5.25 | 21.66 |
| WL-5704-05 | FORK LIFT OPERATOR (MATERIALS HANDLER) LDR | 13.61 | 4.36 | 17.97 |
| WL-6907-05 | MATERIALS HANDLER LEADER | 13.61 | 4.36 | 17.97 |
| WL-6907-05 | MATERIALS HANDLER (FORK LIFT OPERATOR) LDR | 13.61 | 4.36 | 17.97 |
| WL-7002-06 | PACKER LEADER | 14.58 | 4.67 | 19.25 |
| WL-7002-06 | PACKER (FORK LIFT OPERATOR) LEADER | 14.58 | 4.67 | 19.25 |
| WS-5703-07 | MOTOR VEHICLE OPERATOR SUPERVISOR | 19.93 | 6.38 | 26.31 |

Sample

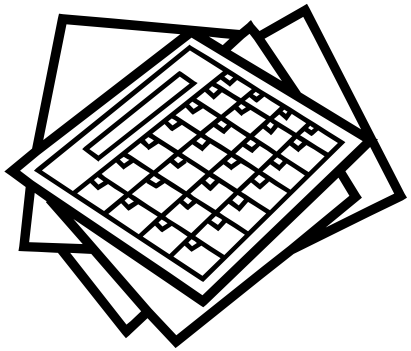
## Welcome to DRMS

# Service Contract

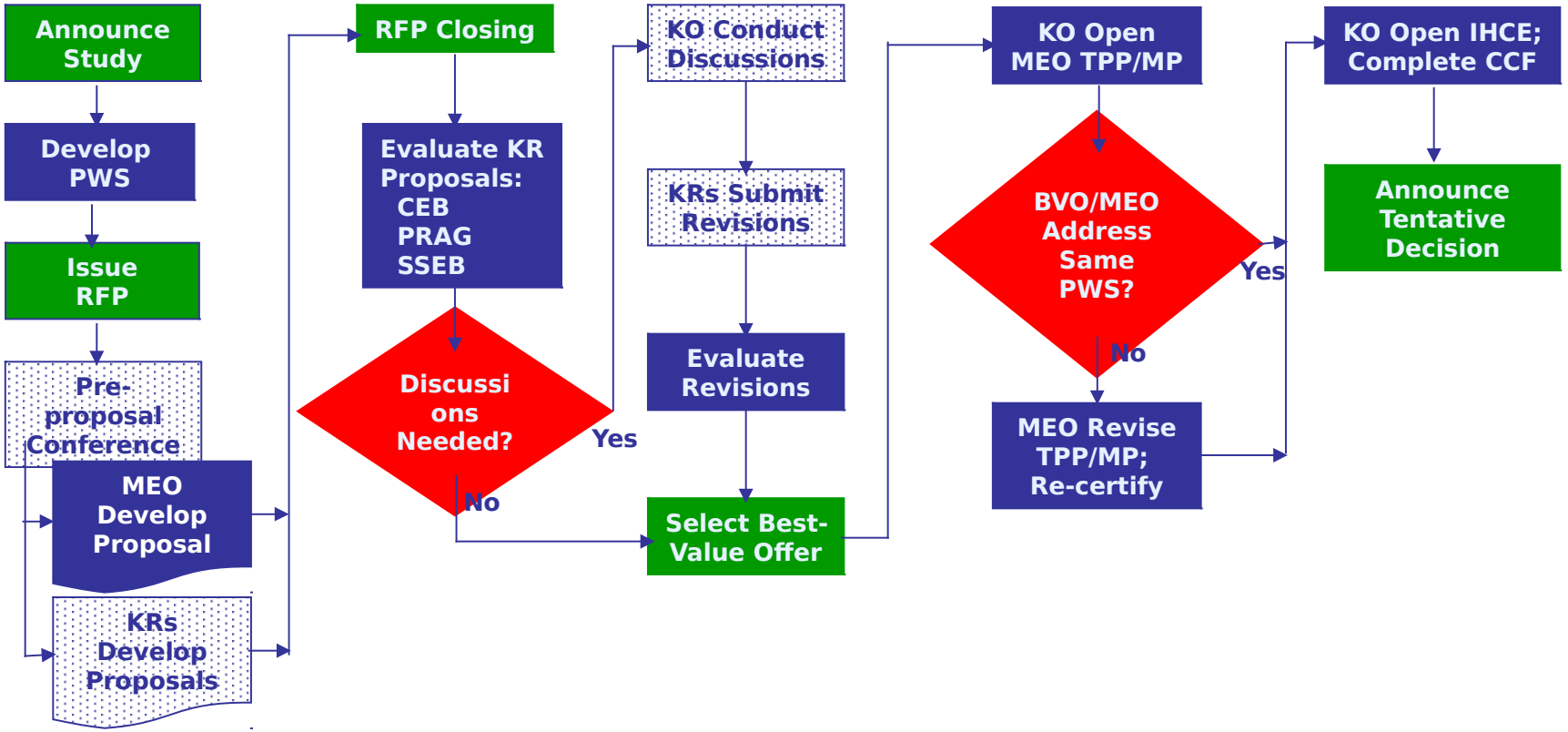
- Collective bargaining agreements do not apply
- Wage determinations based on prevailing rates
- FAR 52.222-41, Service Contract Act of 1965, As Amended (MAY 1989)
  - Establishes minimum wage and fringe rates
  - Adjustments
- FAR 52.222-49, Service Contract Act—Place of Performance Unknown (MAY 1989)

# Tentative Schedule

| | |
|---|---|
| Study Announcement | October 2001 |
| RFP Issue | December 2002 |
| RFP Closing | March 2003 |
| Tentative Decision | November 2003 |
| Transition Start | February 2004 |
| Transition End | July 2004 |



# Process Flow




**Welcome to DRMS**

# Acquisition Decisions

- Contract type:  fixed price with cost-reimbursement elements
- Unrestricted
- Performance Period:  three-year base with one or two option periods
- Award term incentive
- Formal source selection procedures
- Best value; price will be the single most important factor

# Acquisition Issues

- **Facilities/transportation tradeoff**
- **Wage determinations**
- **Pricing (Schedule B)**
- **?**
- **?**
- **?**
- **?**
- **?**